

### **3. Resources Available**

This section summarizes the land, financial, and administrative and energy conservation resources available for the development, rehabilitation, and preservation of housing in Carlsbad. The analysis includes: an evaluation of the adequacy of the City's land inventory to accommodate the City's share of regional housing needs for the 2005-2010 planning period; a review of financial resources to support housing activities; a discussion of the administrative resources available to assist in implementing the housing programs contained in this Housing Element; and a description of the requirements and resources Carlsbad has to encourage energy efficient and healthy households.

#### **A. Residential Development Potential**

State law requires local jurisdictions to plan their residential land and standards to ensure adequate housing is available to meet the expected population growth in the region. Specifically, a jurisdiction must demonstrate in the Housing Element that its residential land inventory is adequate to accommodate its Regional Housing Needs Assessment (RHNA). This section assesses the adequacy of Carlsbad's vacant and underutilized land inventory in meeting future housing needs.

##### **Future Housing Needs**

For the 2005-2010 Housing Element cycle, the State Department of Housing and Community Development (HCD) projected a need for 107,301 new housing units in the San Diego region. The San Diego Association of Governments (SANDAG) is responsible for allocating this future housing need to the 19 jurisdictions within the County. In this capacity, SANDAG developed a Regional Housing Needs Assessment (RHNA) that determines each jurisdiction's "fair share" of the forecasted growth through 2010. Carlsbad's share of the regional housing need for the 2005-2010 period is allocated by SANDAG based on factors such as recent growth trends, income distribution, and capacity for future growth.

The City of Carlsbad was assigned a future housing need of 8,376 units for the 2005-2010 planning period, or 7.8 percent of the overall regional housing need. The City must make available residential sites at appropriate densities and development standards to accommodate these 8,376 units according to the following income distribution:

## Resources Available

---

- Very Low Income:<sup>1</sup> 1,922 units (23.0 percent)
- Low Income: 1,460 units (17.4 percent)
- Moderate Income: 1,583 units (18.9 percent)
- Above Moderate Income: 3,411 units (40.7 percent)

### Credits toward RHNA

While the Housing Element is a five-year planning document, the RHNA has a 7.5-year time frame, using January 1, 2003 as the baseline for growth projections. Therefore, housing units constructed since 2003, under construction, or entitled can be credited toward the RHNA for this Housing Element period.

### *Units Constructed*

As part of the City Inclusionary Housing program, a significant number of affordable units have been constructed (or are under construction) since January 1, 2003. Overall, 4,460 new housing units were constructed between January 1, 2003 and December 31, 2006, including 67 second dwelling units. Specifically, among the units constructed, 658 are deed-restricted for lower income use (32 extremely low, 53 very low, and 573 low income units), most as required by the City's Inclusionary Housing program. In addition, 362 moderate income units were built from 2003-2006. Moderate income units built were not deed-restricted and were not required by the Inclusionary Housing program.

### *Units under Construction*

Currently, residential projects totaling 582 units are under construction in Carlsbad. These units are slated for completion in 2007 and 2008. Among the units under construction are 234 inclusionary units (100 very low and 134 low income units).

### *Units Approved*

Several residential development projects have already been approved by the City of Carlsbad. Overall, these projects will add over 1,900 new units to Carlsbad (**Table 3-1**), inclusive of 135 affordable units (18 very low and 117 low income units) as required by the City's Inclusionary Housing program.

---

<sup>1</sup> Pursuant to new State law (AB 2634), the City must project the number of extremely low income housing needs based on Census income distribution or assume 50 percent of the very low income units as extremely low. According to the CHAS data developed by HUD using 2000 Census data, 47 percent of the City's very low income households fall within the extremely low income category (see also Table 2-8). Therefore the City's RHNA of 1,922 very low income units may be split into 903 extremely low and 1,019 very low income units. However, for purposes of identifying adequate sites for the RHNA, State law does not mandate the separate accounting for the extremely low income category.

## Summary

**Table 3-1** summarizes the City's housing production and **Table 3-2** provides a detailed accounting of the affordable units, including moderate income units, built during 2003-2006 as well as currently under construction. With units constructed, under construction, and entitled, the City has already met its RHNA obligation for above moderate income housing and a portion of its obligation for lower and moderate income housing. Overall, the City has a remaining RHNA of 3,566 lower and moderate income units which must be met by designating sites at appropriate densities.

**Table 3-1**  
**Housing Production: January 1, 2003 through December 31, 2006**

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total <sup>1</sup>
Constructed	85 <sup>2</sup>	573	362	3,440	4,460
Under Construction <sup>3</sup>	100	134	10	338 <sup>5</sup>	582
Approved <sup>4</sup>	18	77	40	1,783 <sup>5</sup>	1,918
<b>Total</b>	<b>203</b>	<b>784</b>	<b>412</b>	<b>5,552</b>	<b>6,951</b>
RHNA	1,922	1,460	1,583	3,411	8,376
RHNA Remaining	1,719	676	1,171	---	3,566

Notes:

<sup>1</sup> Total does not include 71 units for which sales price and rent information could not be obtained; likely, these units would be considered as above moderate income units.

<sup>2</sup> Includes 32 units deed restricted to extremely low income households.

<sup>3</sup> "Under Construction" figures are based on active, issued residential permits as of 12/31/06. Further, units shown as low or very low income have approved affordable housing agreements or are second dwelling units (9 total); for moderate income projects, figures are based on rental information obtained; remaining under construction units are assumed to be all above moderate income.

<sup>4</sup> "Approved" represents projects that have received, at a minimum, tentative map approval. However, all very low and low income units shown in this category have received all discretionary permits. The projects contributing to the very low and low income units are identified in Table 3-2 under "affordable units approved."

<sup>5</sup> Based on historic data, the City estimates that the majority of units approved or under construction and not specifically approved or designated as lower or moderate income units will be affordable to above moderate income families. However, since rents and sales prices of the above moderate income units shown are not yet known, some of the units could be placed in other income categories.

Source: City of Carlsbad, January 2007.

**Table 3-2**  
**Affordable Housing Production**

Projects/Quadrant	Type	Extremely Low Income <sup>1</sup>	Very Low Income <sup>1</sup>	Low Income <sup>1</sup>	Moderate Income <sup>2</sup>	Total
<b>Affordable Units Constructed 2003-2006</b>						
Pacific View/NW	Apts	---	---	111	157	268
Mariposa/NE	Apts	32	---	73	---	105
Casa Laguna/NW	Condos	---	---	2	---	2
La Paloma/SE	Apts	---	53	127	---	180

**Table 3-2**  
**Affordable Housing Production**

<b>Projects/Quadrant</b>	<b>Type</b>	<b>Extremely Low Income<sup>1</sup></b>	<b>Very Low Income<sup>1</sup></b>	<b>Low Income<sup>1</sup></b>	<b>Moderate Income<sup>2</sup></b>	<b>Total</b>
Bressi Ranch (Mulberry)/SE	TH	---	---	100	---	100
Village by The Sea/NW	Condos	---	---	11	---	11
The Tradition/SW	Apts	---	---	24	97	121
Farber/NW	Condos	---	---	2	---	2
Rose Bay/SE	TH	---	---	24	---	24
The Summit (Marbella)/NW	Apts	---	---	29	94	123
Pirineos Pointe/SE	Condos	---	---	---	14	14
Laguna Pointe/NW	Condos	---	---	3	---	3
Second Dwelling Units <sup>3</sup> /Various	SDUs	--	---	67	---	67
Subtotal:		32	53	573	362	1,020
<b><i>Affordable Units Under Construction (estimated completion in 2007/2008)</i></b>						
Hunter's Point <sup>5</sup> /SE	Apts	---	90	78	---	168
Cassia Heights <sup>4,5</sup> /SE	Apts	---	---	56	---	56
The Bluffs <sup>5</sup> /NW	Condos	---	10	---	---	10
Marbella (remainder) <sup>5</sup> /NE	Apts	---	---	---	10	10
Subtotal:		---	100	134	10	244
<b><i>Affordable Units Approved</i></b>						
Cantarini/Holly Springs/NE	Apts	---	---	40	40	80
Poinsettia Place/SW	Condos	---	7	7	---	14
Roosevelt Gardens <sup>4,5</sup> /NW	Condos	---	11	---	---	11
Poinsettia Commons <sup>5</sup> /SW	Condos	---	---	12	---	12
La Costa Condominiums/SE	Condos	---	---	9	---	9
La Costa Village Center/SE	TH	---	---	9	---	9
Subtotal:		---	18	77	40	135
<b>Total</b>		<b>32</b>	<b>171</b>	<b>784</b>	<b>412</b>	<b>1,399</b>

Apts = Apartments; Condos = Condominiums; TH = Townhomes

Notes:

<sup>1</sup> All extremely low, very low, and low income units in the projects presented in this table are or will be deed-restricted according to the City's Inclusionary Housing program.

<sup>2</sup> All moderate income units are not deed restricted; categorization as moderate income units is based on price data supplied by developers (for Marbella) or density (for Cantarini/Holly Springs, which has a density of 12.88 units per acre).

<sup>3</sup> Pursuant to City regulations, second dwelling units, if rented, must be rented at rates affordable to low income households.

<sup>4</sup> These projects do not fulfill another project's inclusionary needs and are developed outside of the City's Inclusionary Housing Program.

<sup>5</sup> As of December 2008, these projects are under construction or completed.

Source: City of Carlsbad, December 2008.

## **Residential Sites Inventory**

Pursuant to State law, the City must demonstrate that it has adequate vacant residential sites at appropriate densities and development standards to accommodate the City's RHNA. Based on Table 3-1 above, the City's remaining RHNA is as follows:

- Very Low Income: 1,719 units
- Low Income: 676 units
- Moderate Income: 1,171 units
- Above Moderate Income: 0 units

The following residential sites inventory represents sites at either existing or anticipated densities that would accommodate the remaining need. All "number-of-unit" yields for "unentitled" and "underutilized" sites (the latter defined below) are determined after deductions are made for constraints, which include slopes of 25 percent and greater, water bodies, and San Diego Gas and Electric transmission corridors. Constraint deductions were not made for properties in the City's Village Redevelopment Area or proposed Barrio Area as these areas are in urbanized, developed settings, are not traversed by transmission corridors, and are on flat terrain. Infill developments also do not typically require land dedication for schools or roadways. Finally, the acreage of any unentitled or underutilized site with more than one general plan designation (e.g. RH/O/OS) is appropriately adjusted so unit yields are based only on the portion of acreage reflective of the residential designation.

"Underutilized" sites are properties not developed to their full potential, such as an older residence on a large lot designated for multi-family residential. The City considers a property underutilized if its improvement value is less than its land value, with values as determined by the County Assessor.<sup>2</sup> Other factors considered and reflected in the City's sites selection include absentee ownership and the age of the structure on the property. All underutilized properties are in the City's Northwest Quadrant.

With the exception of parcels in the City's Village Redevelopment Area and proposed Barrio Area, all underutilized lands counted in Tables 3-4, 3-6, and 3-9 have a minimum site size of 0.24 acre, a threshold where infill development and redevelopment have occurred in recent years. Any existing units on underutilized parcels are also deducted before determining unit yields.<sup>3</sup> Parcels

---

<sup>2</sup> Many economic development experts use an improvement-to-land value of 2.0 or more for identifying underutilized properties for mixed use development. The City's use of a ratio of less than 1.0 represents a relatively conservative assumption.

<sup>3</sup> When developing the RHNA, SANDAG has already included a replacement factor – an estimated number of existing units that may be demolished to make way for new construction. Therefore, the RHNA is a gross production requirement. The City's sites inventory accounts for a net production capacity by discounting the existing units on site. Therefore, again, the City's estimate of capacity is more conservative compared to the RHNA.

in the City's Village Redevelopment Area, which encompasses downtown Carlsbad, are considered underutilized if their development potential has not been maximized as determined by the City's Housing and Redevelopment Department and explained below.

As noted above, the minimum parcel size counted in the Village, for both underutilized and a small number of vacant properties, is different than elsewhere in Carlsbad. In the Village, the minimum size is 0.13 acre, although the average size is 0.40 acre. Counting a smaller minimum size is appropriate in the Village because:

1. Village development standards, such as building setbacks and lot coverage, are more flexible and in some cases less stringent than similar standards for properties outside the Village Redevelopment Area. In November 2007, the City Council and Housing and Redevelopment Commission approved changes to Village Development standards that allowed higher densities (up to 35 units per acre), reduced setbacks and parking requirements, and increased lot coverage.
2. In line with the recently approved changes and as further discussed below, this Housing Element proposes a minimum density of 18 units per acre in some Village land use districts, and 28 units per acre in others, both of which represent 80 percent of the respective district's maximum density); this density of 28 units per acre is higher than proposed or existing minimum densities elsewhere in Carlsbad (with the exception of the proposed Barrio Area). Both proposed minimum densities in the Village potentially yield two units in a mixed use development to be built on the minimum lot size. While the City encourages mixed use projects in the Village, development of stand-alone high density residential projects are also permitted and would yield more units.
3. Residences in a mixed use development are likely to be either smaller apartments or condominiums on the upper floors.

In the proposed Barrio Area, the minimum parcel size counted is 0.16 acre and the average is 0.54 acre. As discussed below, the Barrio is an existing, well established neighborhood just south of the Village Redevelopment Area and west of Interstate 5. A mix of older single-family homes, condominiums, and apartments compose the Barrio, and a number of the properties are underutilized and absentee-owned. Furthermore, the connection between it and the commercial features of the Village, as well as easy access to nearby train and bus services and Interstate 5, making the Barrio area appropriate for consideration for more dense residential uses.

For these and other reasons, Carlsbad considers the area appropriate for redevelopment at standards and densities similar to the maximum densities recently approved for the Village. Therefore, the City believes consideration of a

lot size smaller than 0.24 acre, as is the minimum in locations outside the Village and proposed Barrio areas, is acceptable.

The City will encourage the consolidation of small parcels in order to facilitate larger-scale developments. Specifically, the City will make available an inventory of vacant and underutilized properties to interested developers, market infill and redevelopment opportunities throughout the City, particularly in the Village Redevelopment Area and proposed Barrio Area, and meet with developers to identify and discuss potential project sites.

For the Barrio Area, incentives shall be developed to encourage the consolidation of parcels and enhance the feasibility of affordable housing. These incentives shall include increased density and other standards modifications. Additional incentives are not necessary for the Village Redevelopment Area as standards modifications (including increased density) are already permitted for affordable housing, “green” buildings, and projects which meet the goals and objectives of the Village (which include residential and mixed use developments).

### ***Correlation between Affordability and Density***

**Table 3-3** presents a list of the City’s recent affordable housing projects and their associated densities. Most of the City’s affordable housing developments have been developed at a density between 10 and 20 units per acre, although two projects (Cassia Heights and Village by The Sea) did exceed 20 units per acre. These development practices demonstrate that affordable housing for lower income households can be achieved in the City’s Residential Medium High Density land use designation (“RMH,” between 8 and 15 units per acre [du/ac], with a Growth Management Control Point of 11.5 du/ac) and the Residential High land use designation (“RH,” between 15 and 23 du/ac with a Growth Management Control Point of 19 du/ac). The Growth Management Control Point is typically the density below or at which development has historically occurred. Furthermore, when a density bonus is applied to the RH designation, the maximum density can potentially reach 31 units per acre (at a maximum density bonus of 35 percent).

Given the market conditions in Southern California, particularly in the San Diego region, housing affordable to lower income households cannot be accommodated by the market without some form of financial subsidies, regardless of density. Affordable housing projects shown in Table 3-3 were achieved with financial subsidies from the City. Average per-unit subsidy of subsidized units was about \$18,470. This level of subsidy is modest and less than that for most affordable housing projects in the North San Diego County area at densities around 20 units per acre.

At 30 units per acre, typically subterranean parking would be required, substantially increasing the average subsidy required to make the units affordable to lower income households. The cost savings from economies of scale for housing production do not usually break even until the density is

substantially increased to beyond 30 units per acre. To expand the capacity for additional development, at appropriate locations – Village Redevelopment Project Area – the City is encouraging mixed use development at 35 units per acre.

**Table 3-3**  
**Recent Affordable Housing Projects**  
**(Built and Under Construction)**

Project	Number of Units (Total/ Affordable)	Year of Completion	Project Density	Affordability	Average Subsidy/Unit
Mariposa Apartments	106	2004	14.9 du/ac <sup>1</sup>	100% Lower Income	\$10,000 (AB 16,929) <sup>2</sup>
Pacific View/Kelly Ranch	451/111	2004	13.7 du/ac	25% Lower Income/ Market Rate	None
La Paloma	180	2005	11.5 du/ac	100% Lower Income	\$11,500 (AB 16,823)
Mulberry	100	2005	17.6 du/ac	100% Lower Income	\$20,000 (AB 17, 832)
Rose Bay	24	2005	8.2 du/ac	100% Lower Income	None
Village by The Sea	65/11	2005	22.9 du/ac	17% Lower Income/ Market Rate	\$20,000 (AB 18,252)
Marbella	143/29	2006	11.4 du/ac	20% Lower Income/ Market Rate	None
Cassia Heights	56	2007	21.1 du/ac	100% Lower Income	\$50,523 (AB 18,025)
Hunter's Pointe	168	2007	10.6 du/ac	100% Lower Income	\$11,500 (AB 18,251)
Roosevelt Gardens	11	2008 (estimated)	19.5 du/ac	100% Lower Income	\$141,993 (AB 19,183)

Note: <sup>1</sup>"du/ac" is dwelling units/acre.

<sup>2</sup>"AB 16,929" (or other number) identifies the City Council agenda bill number from which the subsidy amount was obtained.

### **High Density Residential (RH) Sites**

**Table 3-4** provides a summary of high density residential sites in the City that can facilitate the development of lower income housing. The City has a limited inventory of unentitled RH land that is either vacant or underutilized, and available for residential development. As shown in the appendix, these parcels are mostly under one acre in size. Despite their small sizes, such sites are proven producers of multi-family housing, as **Table 3-5** demonstrates. Because of the proven yield realized from small properties, the City considers these small properties as valid sites in its high density land inventory. To further facilitate multi-family residential development, this Housing Element includes a program to amend the RH land use designation to require development at a minimum 20



units per acre. Additionally, the proposed Barrio Area is identified as a RH site because of the high density land use proposed there; it may, however, receive a different high density land use designation than RH.

**Table 3-4**  
**Existing and Proposed High Density Residential (RH) Sites**

Property	APN	Acres	Density	Number of Units <sup>1</sup>
<b><i>Vacant Residential Sites currently designated RH</i></b>				
Robertson Ranch	Portions of 168-050-47, 208-010-36	22	20-22.3 du/ac <sup>2</sup>	465 <sup>2</sup>
Unentitled Land	Various (see Appendix C)	12	20 du/ac <sup>3</sup>	237
Subtotal				702
<b><i>Vacant Residential Sites proposed to be designated RH</i></b>				
Bridges at Aviara Affordable Housing Component <sup>4</sup>	Portions of 215-050-44 and 47	2.6	25	65
Subtotal				65
<b><i>Vacant Non-Residential Sites proposed to be designated RH</i></b>				
La Costa Town Square <sup>4</sup>	223-060-31	6.0	20 du/ac	120
Ponto <sup>4</sup>	216-140-17	6.4	20 du/ac	128
Quarry Creek <sup>4</sup>	Portions of 167-040-21	15	20 du/ac	300
Subtotal				548
<b><i>Other</i></b>				
Underutilized RH Sites	Various (see Appendix D)	0.26	20 du/ac <sup>3</sup>	8
Proposed Barrio Area <sup>4</sup>	Various (See Appendix G)	14	28 du/ac	256
Subtotal				264
<b>Total</b>				<b>1,579</b>

Notes:

<sup>1</sup> Number of units does not always reflect acreage multiplied by density because of rounding and other factors.

<sup>2</sup> General Plan Amendment (GPA) and Master Plan approved to allow the densities and number of units shown. Number of units includes 78 high-density, lower income units under construction (Glen Ridge) as of October 2008. These units are not reflected in Table 3-2.

<sup>3</sup> City commits to process a GPA to increase minimum density to 20 du/ac on these sites (New Program).

<sup>4</sup> More information about these projects is provided below.

Source: City of Carlsbad, December 2008

**Table 3-5**  
**Approved Multi-Family Projects on Small Sites**

Project	Site Size (in acres)	Units	Density	Approval Date
Ayoub Triplex	0.19	3	15.8 du/ac	2000
Ocean Breeze Condos	0.31	5	16.0 du/ac	2002
Acacia Estates	0.32	4	12.5 du/ac	2005
Tamarack Beach Lofts	0.22	4	18.0 du/ac	2006
La Vercia	0.41	5	12.2 du/ac	1998

### Specific Sites Proposed to be Designated RH

Five different sites are proposed for redesignation to RH. For three of them, the City would propose the redesignation; the other two are developer applications. Details of each follow:

1. **Bridges at Aviara Affordable Housing Component:** A developer has filed applications, including a zone change and general plan amendment, to redesignate and develop and preserve approximately 60 vacant acres in the Southwest Quadrant. The proposed project would feature 428 condominiums for senior residents and 65 apartments units on a proposed 2.6-acre site. Occupancy of the 65 apartments would be restricted to lower income families. Much of the property would be set aside as open space to preserve natural habitat. Current zoning for the affected acreage is L-C (Limited Control) and R-1 (One-family Residential). Current general plan is RLM (Residential Low Medium Density) and OS (Open Space).
2. **La Costa Town Square:** A developer-initiated application, the La Costa Town Square project, located in the Southeast Quadrant, features a large shopping center and office development, a mixed-use component, and single- and multi-family residential. Part of the proposal would redesignate six acres of property from O (Office) to RH and construct 120 multi-family units on the property at the proposed minimum density for vacant RH sites of 20 units per acre. Current zoning of the property, P-C (Planned Community), would not change. The draft environmental impact report for La Costa Town Square is expected to be publicly released in early 2009 with public hearings later that year.
3. **Ponto:** Ponto is the name given to a 130-acre area located near Carlsbad State Beach in the southwestern part of the City. Ponto also falls within the South Carlsbad Coastal Redevelopment Area. The Ponto Beachfront Village Vision Plan is intended to provide guidance for the development of a 50-acre portion of Ponto. This Vision Plan, approved by the City in 2007, designates approximately 6.4 vacant acres for high density residential. This property has a current zoning of P-C and a combination general plan designation of U-A/T-R/C (Unplanned Area/Travel-Recreation/Commercial). Per the Vision Plan, the City would amend the general plan to designate the property RH. The environmental impact report for the Ponto Beachfront Village Vision Plan has been certified by the City, although the report is the subject of litigation regarding financial contributions towards off-site improvements.
4. **Quarry Creek:** The site of the former South Coast Materials Quarry that ceased mining operations in 1995, Quarry Creek is an approximately 100-acre parcel bisected by Buena Vista Creek and bordered by commercial and residential uses, the 78 Freeway, and open space. The majority of the property is vacant; some buildings from the quarry operation remain, and

recycling of used concrete and asphalt materials continues on a temporary basis on site. The site is undergoing soil remediation and reclamation planning as required by the State Surface Mining and Reclamation Act (SMARA) and a draft environmental impact report on the reclamation plan was released for public review in September 2008. Quarry Creek, which is located in the Northeast Quadrant, has a current zoning of R-1-10,000 (One family residential, minimum 10,000-square-foot lot size) and M (Manufacturing) and general plan designations of RLM (Residential Low Medium Density) and OS (Open Space). The City proposes to redesignate a portion of the property to RH with an appropriate zoning. The City also proposes to redesignate another portion of the property to RMH (see Table 3-9). Quarry Creek is unique in that it is part of the only area in the City without a Local Facilities Management Plan; this plan must be adopted before any development may occur. A developer has filed an application to initiate the master planning of Quarry Creek in a manner consistent with the City's residential land use and density objectives for the property.

5. **Proposed Barrio Area:** The Barrio is an approximately 100-acre urbanized area in the City's Northwest Quadrant originally developed by Hispanic immigrants in the 1920s. Mostly developed, the Barrio Area is west of Interstate 5, east of the railroad tracks and south of the Village Redevelopment Area. Roughly at the center of the Barrio Area are the recently expanded Pine Avenue Park, Chase Field, and the City's newly remodeled senior center. Along with these open space and community uses, existing land uses include medium and lower density residential and higher density, multi-family uses. A few Barrio properties are developed with neighborhood commercial uses, and the area is well served by churches and a multitude of services in the adjacent Village Redevelopment Area.

While ideally located next to major transportation, shopping and recreation (including Carlsbad State Beach less than one mile to the west), the Barrio Area has a significant number of older, underutilized properties with high absentee ownership. Of the nearly 320 properties in the Barrio Area, over 25 percent have structures at least 55 years of age, 60 percent are absentee-owned, and 55 percent of the properties have improvement values less than their land values. Similar to many older neighborhoods, the Barrio has been transitioning from predominantly family owned occupancy to non-owner occupancy. Consequently, many older and substandard buildings exist in the area, and many properties are not being adequately maintained.

Though property values in the Barrio Area remain high, the neighborhood could benefit from additional investment in property improvements. Since 2000, the City has made a number of substantial public improvements in the area, including utility undergrounding, storm drain and street improvements, and the previously mentioned park and senior center enhancements. Future public improvements are also planned. Despite the

public investment that has and is planned to occur, there has not been significant private investment in the development and improvement of the Barrio.

A disincentive to private investment is the fact that many Barrio Area properties are already developed at densities exceeding 30 units per acre. This is well in excess of currently permitted densities for most Barrio Area properties of six and 11.5 units per acre. Development exceeding currently permitted densities is considered non-conforming. The City's municipal code severely restricts the amount and type of improvements that can be undertaken to improve and enhance a non-conforming use, which is an impediment to reinvestment in the Barrio.

Though master planning efforts for the Barrio Area failed in 1995, a group of citizens has requested the City begin such efforts again to promote revitalization of the Barrio Area. The Carlsbad City Council has directed the Planning Department to begin this process. Based on a land use study prepared by the group of citizens, Carlsbad believes the Barrio Area can be redeveloped, and private investment encouraged, if appropriate and tailored development standards and densities to permit a combination of mixed use, medium-high, and high density residential uses are adopted. The City further believes, similar to recent development standard changes approved for the Village Redevelopment Area, that master planning should consider provisions appropriate to allow high density and mixed use development in some parts of the Barrio with a minimum density of 28 units per acre. Additionally, the City will develop a program to encourage lot consolidation in the Barrio Area. Housing Element Appendix G identifies Barrio Area properties, including those with adjoining ownership, and the proposed density for each property.

The properties considered as part of the Barrio Area for Housing Element purposes are identified in Appendix G. Appendix G also identifies the properties the City has counted to determine the potential unit yield and the reasons those properties were counted. The yield has been divided over three densities or residential categories as shown in Tables 3-4, 3-6, and 3-9.

It is anticipated that a master or specific plan will be developed for the Barrio Area, either as a stand-alone document or as part of a larger plan for both the Barrio and Village Redevelopment areas. Since the redevelopment designation for the Village area will expire in 2009, the City will replace the current Carlsbad Village Redevelopment Master Plan and Design Manual, which provides development and use standards for the redevelopment area, with a master or specific plan. Because of the adjacency of both areas, a single plan may be developed for both areas.

Whether as a stand-alone or combined document, the master or specific plan would establish a new or unique land use designation that permits

high densities in excess of the current RH land use designation, which permits a maximum of 23 units per acre. However, since RH is the City's only current high density land use designation, it used to designate the proposed high density for the Barrio Area as well.

### ***RH Mixed Use Sites***

The City's satisfaction of its RHNA also relies upon existing and proposed "mixed use" sites. For purposes of this Housing Element, mixed use describes properties where both commercial and residential uses either are permitted or proposed on the same or adjacent sites. Mixed use may be "horizontal," with different uses located on adjoining sites, or it may be "vertical," with residences, for example, located above shops in a multi-story building. **Table 3-6** lists residential potential in the City's planned mixed use and existing redevelopment areas where lower income housing also may be feasible.

**Table 3-6**  
**Existing and Proposed RH Mixed Use Sites**

Property	APN	Acres	Density	Number of Units <sup>1</sup>
<b><i>Proposed Vacant Mixed Use Sites</i></b>				
Commercial Mixed Use La Costa Town Square <sup>2</sup>	Portion of 223-060-32	1.0 (approx)	N/A	14
Commercial Mixed Use Ponto <sup>2</sup>	Portion of 216-140-18	2.8 (approx)	20 du/ac	28
<b><i>Proposed Shopping Center Mixed Use Sites</i></b>				
Various (see Table 3-7) <sup>2</sup>	Various	Various	20 du/ac	377
<b><i>Existing Village Mixed Use Sites (underutilized and vacant)</i></b>				
Village Redevelopment Area <sup>2</sup>	Various (see Appendix F)	71.5	18 and 28 du/ac <sup>3</sup>	875
<b><i>Proposed Barrio Area (primarily underutilized)</i></b>				
Barrio Area <sup>2</sup>	Various (see Appendix G)	5	28 du/ac <sup>3</sup>	45
<b>Total</b>				<b>1,339</b>

Notes:

<sup>1</sup> Number of units does not always reflect acreage multiplied by density because of rounding, planned mixed use developments, and other factors. Number of units also reflects deductions for any existing units.

<sup>2</sup> More information about these projects is provided in the text below.

<sup>3</sup> The City commits to adopting a policy to establish the minimum densities shown.. Only 50% of the potential yield for both Village and proposed Barrio Area Mixed Use sites is considered. For the Village, only 1.7 acres of the total acres shown are vacant.

Source: City of Carlsbad, August 2007 and March 2008

### **Proposed Vacant Mixed Use Sites**

1. **La Costa Town Square:** This developer-proposed project also features a mixed-use component with 14 multi-family residential units in addition to its proposed RH component discussed above. These 14 units are proposed

as inclusionary units for satisfying the single-family residential component of the project. These units will be affordable to lower income households.

2. **Ponto:** Also discussed above, the draft Ponto Beachfront Village Vision Plan prepared by the City designates an approximate six acre area as a mixed use center where residential would be permitted in a vertical or horizontal arrangement. The City commits to the development of 28 dwelling units on the site at a density of 20 units per acre. This property has a current zoning of P-C and a combination general plan designation of U-A/T-R/C/OS (Unplanned Area/Travel-Recreation/Commercial/Open Space). This designation would be changed to an appropriate mixed use designation that facilitates high density development.

### Proposed Shopping Center Mixed Use Sites

Carlsbad recognizes the increasing pressure on cities to encourage smart growth developments; that is, developments which recognize the importance of sustainability and balance social, economic, and environmental needs through the development of mixed use commercial and high density residential projects. The City is also aware that it has a finite supply of raw land. For these reasons, Carlsbad sees its many shopping center sites as potential locations for high density housing. As potential mixed-use sites, they would comply with General Plan objectives for medium and high density uses calling for close-in, convenient shopping for the City residents and proximity to transportation corridors and employment areas.

Currently, outside the Village Redevelopment Area, residential uses above the ground floor of a multi-story commercial building are conditionally permitted in the zones applied to shopping centers (i.e., C-1 [Neighborhood Commercial], C-2 [General Commercial], and C-L [Local Shopping Center]). Recognizing the potential for residential mixed with existing or redeveloped commercial uses, this Housing Element includes a new program to develop new standards to permit by right multi-family housing in the City's commercial zones at a minimum density of 20 du/acre.

While residential development would not be mandatory upon any shopping center development or redevelopment proposal, the City believes the shopping centers identified in **Table 3-7** have the potential to initiate mixed use development within this Housing Element cycle. The City has identified these centers as potential mixed-use sites for various reasons, including functional obsolescence due to small supermarket and/or property size and poor vehicular circulation; underutilization of property; and City ownership of surrounding property. One of these centers, Plaza Camino Real, has already been the subject of redevelopment discussions between the City and mall owners. Plaza Camino Real, a regional mall along Highway 78 developed in the late 1960s, is entirely surrounded by parking on property owned by the City of Carlsbad.

The dwelling unit yield projected for the shopping centers is based on only 25 percent of each center's acreage redeveloping with residential uses at 20 units per acre. This assumption recognizes that not all shopping centers will propose mixed-use; for those that do, the 25 percent limitation also recognizes the importance of maintaining sites for commercial uses in the City.

(Table 3-7 identifies only select shopping centers; the proposed program to allow mixed uses at shopping centers would apply to all shopping centers and shopping center sites in Carlsbad.)

**Table 3-7**  
**Shopping Centers with High Density, Mixed Use Potential**

Use	Location	Quadrant	APN	Acres	Existing Zoning <sup>1</sup>	Existing General Plan <sup>2</sup>	Number of Units <sup>3</sup>
Von's Center	Interstate 5 and Tamarack	Northwest	206-050-16 – 20	5	C-1	L	25
Von's Center	El Camino Real and La Costa Ave	Southeast	216-124-11, 13, 15, 16, and 17	8	C-1-Q	L, L/OS	42
Country Store	El Camino Real	Northwest	207-101-24	5	C-2/C-2-Q	L	25
Plaza Camino Real	El Camino Real and Marron Rd.	Northwest	156-301-06, 10, and 11; 156-302-14 and 24	57 (parking lot only)	C-2	R	285
<b>Total</b>							<b>377</b>

Notes

<sup>1</sup> Zoning symbols are: C-1 (Neighborhood Commercial); C-2 (General Commercial) C-L (Local Shopping Center); O-S (Open Space); R-P (Residential Professional); Q (Qualified Development Overlay Zone).

<sup>2</sup> General Plan land use symbols are: L (Local Shopping Center); OS (Open Space); R (Regional Commercial).

<sup>3</sup> Number of units is based on 25% of site acreage multiplied by 20 du/ac.

### Existing Underutilized and Vacant Mixed Use Sites in the Village

Based on current development trends, the City estimates that significant residential development potential is located in the Village Redevelopment Area, which encompasses the City's downtown and is located in the Northwest Quadrant. Furthermore, the City is encouraging mixed use developments in its downtown area. Residential development (at a density of up to 35 units per acre) is currently permitted or provisionally permitted on nearly all of the properties in the Village Redevelopment Area, and the potential unit yield in the Village could be more than 1,000. Because most of the properties in the Village allow for mixed uses and do not have any density assigned by right, when the City prepared the 1986 Growth Management Plan, 1,000 units were reserved in the Excess Dwelling Unit Bank for the Village. Over the years, the City has maintained these units specifically for the Village; a major modification of the Excess Dwelling Unit Bank in 2002 did not result in any reduction of the 1,000 units allocated to the Village. More information on the Growth Management Plan

and the current status of the Excess Dwelling Unit Bank can be found in Section 4B.

The Carlsbad Redevelopment Agency has seen a renewed interest in developing new projects within the Village Area as a result of 1) the Agency's redevelopment and revitalization focus; 2) public investment in infrastructure and beautification projects; 3) revised development standards; and 3) new urbanism trends.

The Redevelopment Agency's efforts are motivated by the desire to eliminate blight and/or blighting influences (underutilized properties, non-conforming buildings, inadequate buildings, lack of facilities, etc) within the Village Area. The new urbanism trends are motivated by convenience, employment opportunities and cultural and entertainment offerings.

Carlsbad Village is benefiting from the renewed interest in downtown living, or new urbanism. It took nearly 20 years for the market to support additional residential units within the Village Area. However, recently, the Agency has approved at least 17 new development projects and has additional development applications pending. Of these new development applications, the majority (88%) are for residential and/or mixed use projects which include residential. Examples of recent residential and mixed use developments in the Village Area are provided below and in **Table 3-8**.

In addition, recently the Redevelopment Agency completed a study of its development standards in an effort to support the renewed interest in the Village. Several significant changes were made which support the goal to increase residential development in the Village and mixed use projects (which include residential). Residential density was increased in the Village from a maximum of 23 dwelling units to a maximum of 35 dwelling units, with standards modifications (including increased density) permitted for affordable housing, green buildings, and projects which meet the goals and objectives of the Village (which include residential and mixed use developments). The Agency also revised how it calculates parking and again allows standards modifications (including parking reductions) for the above noted projects. Parking and density are key to continued revitalization and redevelopment of the Village.

### Casa Cobra Mixed Use Project

Located at 3190 Roosevelt Street, this project will provide four apartments and 1,500 square feet of retail.





Roosevelt Plaza Mixed Use Project

This project will provide for four apartments and 2,170 square feet of retail/office space at 3135 and 3147 Roosevelt Street.



State Street Mixed Use Project

Located on State Street, between Carlsbad Village Drive and Oak Avenue, this project will provide for six condo units and 1,875 square feet of retail. Approved in 2006, this project has recently filed an amendment to add an additional two units in response to the recent density increase approved in the Village.



Lincoln and Oak Mixed Use Project

This project is located on the corner of Lincoln and Oak and will provide six condos and 1,913 square feet of retail.



Carlsbad Village Townhomes

This project located at 2683 and 2687 Roosevelt Street will provide for eight townhomes, and a four-room Bed & Breakfast Inn.



Madison Square

A total of 4 condominiums will be provided within this project located at 2732 Madison Street on a 0.22 acre parcel.



As identified in **Table 3-8**, several residential and mixed use projects recently approved or constructed in the Village, including the six highlighted on the previous pages, demonstrate the need for the Village unit allocation and the high density nature of development occurring there. These projects have an average density of 21 units per acre and all but one (Madison Square) feature non-residential components, such as retail, office, restaurant, and hotel uses. One example of the recent high density activity in the Village includes Village by The Sea. Village by The Sea, completed in 2005, features ground floor retail space and 65 housing units, eleven of which are deed restricted to low income families, at a density of 22.9 units per acre. In addition to mixed use projects, Village residential projects such as the recently approved Madison Square and Roosevelt Gardens are providing high density affordable housing. An 11-unit development with a density of 19.5 units per acre, all condominiums in Roosevelt Garden will be available for purchase only to low income households. Both projects and the other recently approved residential and mixed use developments help fulfill Village Redevelopment Master Plan goals that specify increasing the number, quality, diversity, and affordability of housing units in the Village.

With the recent approval by the City to increase the density in the Village area, the City anticipates increased density in the future. Since approval of the increased density, at least one project has responded by amending the project application to provide additional units at the project.

Many properties in the City's Village Redevelopment Area have the potential to redevelop with mixed uses. Mixed-use as well as high-density residential projects are currently permitted uses in several Village land use districts at densities up to 23 or 35 units per acre. In these districts, the City calculates that approximately 71.5 acres of sites, at a minimum size of 0.13 acre (average size of 0.40 acre), are available for high density residential and/or mixed use development. Most (approximately 70 acres) of these sites have existing uses; however, the City's Housing and Redevelopment Department, which is located in the Village area, has completed a site-by-site analysis and determined that these sites have mixed use redevelopment potential in the near term for one or more of the following reasons:

1. Sites are underutilized, and their development potential has not been maximized;
2. Buildings on the sites have exceeded their useful life of 55 years; and/or
3. Sites have nonconforming uses.

The site-by-site analysis, which also notes parcels that are vacant and available for development, is provided as Appendix F. This analysis, prepared for RHNA purposes, identifies sites that are most likely and feasible for redevelopment over the next few years. These sites account for 57 percent of the total sites that could develop with residential or mixed-developments. By no means does this inventory represent all potential redevelopment sites in the Village area.

Redevelopment often occurs due to many market, locational, and timing factors, such as existing uses in relation to surrounding uses, intent of property owners, and changing market trends, among others.

As noted in Table 3-6 above, the potential density yield that would be realized from mixed use development of these properties is 875 units at a minimum density of either 18 units per acre or 28 units per acre, depending on the Village land use district. These minimum density requirements, which are based on 80 percent of the maximum density of the respective district, represents a new Housing Element program as current project densities are permitted within a range of 15 to 23 units per acre in land use districts 5 through 9 and 15 to 45 units per acre in land use districts 1 through 4. (The maximum density is less in land use districts 5 through 9 because these districts transition to single-family home neighborhoods and district 9 also provides tourist-serving uses.) Furthermore, the yield is a very conservative estimate of the number of new homes that could be built in the Village for the following reasons:

1. Land use districts (1, 2, 4, 8, and 9) permit mixed use developments. Districts 2, 4, and 8 also permit high density residential. Further, other Village districts also provisionally permit mixed use and/or high density residential. Development of these other sites could substantially increase the number of units.
2. Only unit yields from potential mixed use developments are counted; the 875 units counted in Table 3-6 do not include possible yields from residential-only high density projects, such as the Roosevelt Gardens project previously described. Only mixed use yields are counted as the City is encouraging mixed use development, rather than stand-alone residential projects, to both increase the number of residents in the Village and the amount of commercial uses to serve residents. All projects listed in Table 3-8 except Madison Square are mixed use developments. However, the proposed minimum density of 18 or 28 units per acre would apply to both mixed use and stand-alone residential projects.
3. Only 50 percent of the potential yield from mixed use developments at 18 or 28 units per acre is counted. Actual unit yields more than likely would be higher, based on approved densities of actual mixed use projects and the new Housing Element program to require the minimum density of 18 or 28 units per acre, depending on the land use district. Table 3-8 below illustrates this conclusion by providing information about recently approved mixed use projects in the Village. The table also demonstrates the success in developing such projects on small parcels.
4. The City will encourage consolidation of smaller properties for larger-scale developments by assisting in site identification. All but two of the recent projects shown in Table 3-8 below involved the consolidation of parcels; these lot mergers occurred without any incentives from the City.

**Table 3-8**  
**Recent Village Residential and Mixed Use Projects**

Project	Acres	Units	Density	Approval Date	Existing Site Uses <sup>1</sup>
Casa Cobra	0.24	4	16.7	2006	Two attached residences
Lincoln & Oak Mixed Use	0.40	6	15.0	2006	Detached residence, commercial building
Roosevelt Plaza	0.24	4	16.7	2006	Four residences, commercial building
State Street Mixed Use	0.28	6	21.4	2006	Seven residences
Village By The Sea	2.80	65	22.9	2002	Attached and detached residences
Madison Square	0.22	4	17.1	2006	Vacant <sup>2</sup>
Carlsbad Village Townhomes	0.46	9	19.4	2006	Attached residences
Roosevelt and Oak	0.32	6	18.8	2008	Commercial building, detached residences
Lumiere Carlsbad Village Hotel	0.54	12	22.2	2008	Two vacation rental buildings

Notes:

<sup>1</sup>Uses on property at time of project approval. All existing uses to be demolished.

<sup>2</sup>Property previously featured a home demolished in 1994.

All projects listed in Table 3-8 have been successfully approved, and in some cases already constructed, on non-vacant parcels. Furthermore, the Casa Cobra and the Roosevelt and Oak project sites and one of the Roosevelt Plaza properties are identified as “underutilized” in Appendix F. Additionally, none of the projects identified in Table 3-8 are on parcels counted in Appendix F in the density yield for RHNA purposes to avoid double counting.

### Proposed Barrio Area

Details about the proposed Barrio Area are contained in the previous discussion on *High Density RH Sites*. In addition to a purely residential high density component, planning for the proposed Barrio Area estimates the potential for 45 units of high density, mixed use development. Only 50 percent of the yield (at 28 units per acre) from parcels proposed for mixed use development, as shown in Appendix G, is counted.

### Medium-High Density Residential Sites

Smaller condominium and townhome units or planned unit developments may be affordable to moderate income households. Table 3-6 presented earlier shows condominium/townhome units affordable to moderate income households based on price data supplied by developers. These units are typically developed on properties designated for Residential Medium High Density (between 8 and 15 units per acre). **Table 3-9** provides a summary of Residential Medium High Density sites in Carlsbad. Overall, the City has the capacity to accommodate 537 units at densities adequate to facilitate moderate income housing.

**Table 3-9**  
**Existing and Proposed Medium High Density Residential (RMH) Sites**

Property	APN	Acres	Density	Number of Units <sup>1</sup>
<b><i>Vacant Residential Sites currently designated RMH</i></b>				
Robertson Ranch	Portions of 168-050-47,208-010-36	7	12.4 du/ac <sup>2</sup>	84
Vacant Unentitled RMH Land	Various (see Appendix C)	8	12 du/ac <sup>3</sup>	92
Subtotal				176
<b><i>Vacant Non-Residential Sites proposed to be designated RMH</i></b>				
Quarry Creek <sup>4</sup>	Portions of 167-040-21	17	12 du/ac <sup>3</sup>	200
<b><i>Other</i></b>				
Underutilized RMH Land	Various (see Appendix D)	10	12 du/ac <sup>3</sup>	102
Underutilized RH Land in the Beach Area Overlay Zone	Various (see Appendix E) <sup>5</sup>	5.5	15 du/ac	60
Proposed Barrio Area <sup>4</sup>	Various (see Appendix G)	3	12 du/ac <sup>3</sup>	31
Subtotal				193
<b>Total</b>				<b>569</b>

Notes:

<sup>1</sup> Number of units does not always reflect acreage multiplied by density because of rounding and other factors.

<sup>2</sup> GPA and Master Plan approved to allow the densities and number of units shown.

<sup>3</sup> City commits to process a GPA and/or other legislative changes necessary to increase minimum density to 12 du/ac on these or portions of these sites (new program).

<sup>4</sup> More information about these sites is provided below.

<sup>5</sup> The minimum density of 15 du/ac is the existing lower end of the density range for the Residential High Density (RH) designation.

City of Carlsbad, August 2007 and March 2008

Relevant general plan, zoning, and other information about the Quarry Creek site and proposed Barrio Area may be found in the previous section under *High Density (RH) Sites*. Both projects have proposed RMH as well as RH components.

Further, while limited in number and total acreage, all properties counted as unentitled and underutilized in **Table 3-9** are at least 0.24 acre in size, which as

Table 3-5 demonstrates, is adequate to produce multi-family housing. A new Housing Element program also proposes to establish a minimum density of 12 units per acre for the RMH designation, which would apply to both unentitled and underutilized sites.

“Underutilized RH land in the Beach Area Overlay Zone” refers to those parcels in the City’s Northwest Quadrant, generally located between the Village area and Agua Hedionda Lagoon and along the beach, that are subject to the strict building height, parking, and other standards of the Beach Area Overlay Zone (BAOZ). Accordingly, the City has calculated the yield for the parcels at the low end of the parcels’ existing RH density range (15 du/ac), although it is anticipated that actually densities may reach 16 – 17 du/ac. Additionally, the City has categorized potential units from BAOZ sites as affordable to moderate income, rather than lower income, families.

### ***Low, Low-Medium, and Medium Density Residential Sites***

At market rate, residences on Residential Low Density, Residential Low Medium Density, and Residential Medium Density sites in Carlsbad are affordable primarily to above moderate income households only. They may include a mix of unit types, including condominiums, but these sites are typically dominated by single-family homes in planned unit developments or standard subdivisions. The City has the capacity to accommodate 1,675 additional homes on lower density residential land (**Table 3-10**).

**Table 3-10**  
**Low, Low-Medium, and Medium Residential (RL, RLM, RM) Sites**

Property	Acres	Density <sup>1</sup>	Number of Units <sup>2</sup>
<b><i>Vacant Residential Sites (see Appendix C)</i></b>			
Unentitled RM	163	6.0 du/ac	826
Unentitled RLM	321	3.2 du/ac	705
Unentitled RL	138	1.0 du/ac	144
<b>Total</b>			<b>1,675</b>

Notes:

<sup>1</sup> Densities are based on the Growth Management Control Point.

<sup>2</sup> Number of units does not always reflect acreage multiplied by density because of rounding and other factors.

Source: City of Carlsbad, August 2007

### ***Recently Approved Projects with Affordable Housing Components***

Tables 3-1 and 3-2 identify, among other things, projects providing affordable housing that the City approved in the time period 2003 – 2006. Since that time frame, the City has approved other projects with housing affordable to lower and moderate income persons. As shown in the following table, Carlsbad has approved three projects, all of which are in the City’s Northwest Quadrant and all of would provide lower or moderate income units without any amendments to the

General Plan or Zoning Ordinance. These units are approved so the projects may comply with inclusionary housing requirements. The units would be deed restricted for occupancy to lower or moderate income households.

**Table 3-11**  
**Recently Approved Projects with Affordable Housing**

<b>Project (Permit No) <sup>1</sup></b>	<b>APN</b>	<b>Approval Date</b>	<b>Number of Affordable Units</b>
Harding Street Senior Project (CT 06-14) <sup>2</sup>	204-192-12	2008	15
Roosevelt Street Residences (SDP 06-10) <sup>2</sup>	204-092-24	2008	7
Lumiere Carlsbad Village Hotel (RP 07-14) <sup>3</sup>	203-250-21	2008	2
<b>Total</b>			<b>24</b>

Notes:

<sup>1</sup>These projects are in addition to those identified in Tables 3-1 and 3-2. More information about these projects is provided in the text below.

<sup>2</sup>These two projects and the properties on which they are located are both in the proposed La Colonia District. However, they are not counted in the inventory for that district and do not contribute to that district's proposed yield (see Appendix G).

<sup>3</sup>This project is located in District 9 of the Village Redevelopment Area. However, it is not counted in the inventory for that district and does not contribute to any unit yield (see Appendix F).

Source: City of Carlsbad, December 2008

1. **Harding Street Senior Project:** With 50 proposed condominiums on a 0.9 acre site, the Harding Street Senior Project has a density of over 55 units per acre and received approval of a senior housing density bonus as allowed by the Zoning Ordinance. The applicant received a density increase from 6.0 units per acre to 55.5 units per acre and development standards modifications as incentives to develop the site for senior housing and to reserve 15 units (30 percent of the total units) as affordable to low (7 units) and moderate income (8 units) households. These residences help the City meet its goal, as expressed in proposed Program 3.10, of providing 50 units of low income senior housing by 2010.
2. **Roosevelt Street Residences:** An approved 35-unit condominium project on Ocean Street will satisfy its inclusionary requirements through the purchase and rehabilitation of an off-site existing ten-unit apartment building. The approved Roosevelt Street Residences project will deed restrict seven of the ten apartments as housing affordable to lower-income families.
3. **Lumiere Carlsbad Village Hotel:** This mixed use project in the City's Village Redevelopment Area proposes 41 hotel units, ten condominiums, two low-income apartments, and a rooftop restaurant. The Lumiere project was approved in July 2008.

### ***Second Units***

Furthermore, the City has experienced increased development of second units in recent years. Between January 1, 2003 and December 31, 2006, a total of 67 second dwelling units (or an annual average of 17 units) were built in the City. The City estimates an additional 80 second units may be developed during the remaining four years of the 2005-2010 planning period based on recent trends. Pursuant to City regulations, second dwelling units, if rented, must be rented at rates affordable to lower income households.

### **Adequacy of Sites Inventory in Meeting RHNA**

Overall, the City has the capacity to accommodate 5,266 additional units on existing and proposed residentially designated land, mixed use projects and redevelopment areas (**Table 3-12**). This capacity can potentially facilitate the development of 3,014 lower income, 577 moderate income, and 1,675 above moderate income units based on economic feasibility as it relates to densities. Combined, the City has land resources and programs (existing and proposed) to accommodate the remaining RHNA of 3,566 units for lower and moderate income households on properties designated for RH and RMH densities. Since the City has more capacity than necessary to satisfy RHNA lower income demands, the surplus can be applied to satisfy moderate income needs. As the RHNA for above-moderate income housing has already been satisfied by residences constructed through 2006, there is no remaining need to address for this income group.

**Table 3-12**  
**Adequacy of Sites in Meeting Remaining RHNA**

<b>Sites</b>	<b>Lower Income</b>	<b>Moderate Income</b>	<b>Above Moderate Income</b>	<b>Total</b>
Residential Sites	1,579	569	1,675	3,863
Mixed Use Sites	1,339	0	0	1,339
Recently approved Proposals with Affordable Components <sup>1</sup>	16	8		24
Second Units	80	0	0	80
<b>Total</b>	<b>3,014</b>	<b>577</b>	<b>1,675</b>	<b>5,266</b>
<b>RHNA Remaining</b>	2,395	1,171	---	3,566
<b>Difference</b>	+619	-594	+1,675	+1,700

<sup>1</sup>These projects, identified in Table 3-11, are in addition to those found in tables 3-1 and 3-2 and represent affordable housing approved since December 31, 2006.  
Source: City of Carlsbad, May 2008.

The City's existing affordable housing program has been quite successful, despite severe market constraints related to the high cost of residential land. As shown in Table 2-15, Carlsbad property values are the second highest in the County, well above the County median. As discussed previously, there is a



significant gap between the cost of producing affordable housing and the ability to recover those costs in the price of the housing. This gap is especially intensified by higher property values, which typically constitute the largest proportion of housing production costs.

Due to the high land costs, the willingness of prospective home buyers to pay extremely high housing prices to live in this desirable coastal community, and higher construction costs for multi-family housing, housing developers have consistently opted to build predominantly low density single-family home projects rather than higher density attached dwelling units.

Prior to the adoption of the City's Affordable Housing Program in the early 1990s (discussed below), there were very few higher density multi-family housing projects developed by the residential development industry. In fact, even the single-family residential projects have historically been developed at densities lower than the City's Growth Management Control Point.

The primary objective of state housing legislation passed in 2004 (AB 2348) is to mandate higher residential densities so as to facilitate the development of affordable housing. For Carlsbad and other jurisdictions considered as urban metropolitan areas, AB 2348 assumes a default density of 30 units per acre is appropriate to enable lower income housing, unless a local government can demonstrate otherwise through means such as incentives and flexible development standards, that it can achieve the production of such housing below the default density. While the City acknowledges that the availability of higher density residential sites is directly related to the achievement of higher density housing, experience has demonstrated that in general, and especially in highly desirable coastal communities such as Carlsbad, the private housing market would not develop affordable housing solely because of the availability of high density land; instead, significant market intervention by local government is required.

Accordingly, in the early 1990s the City of Carlsbad implemented a comprehensive and rigorous Affordable Housing Program (i.e., the Inclusionary Housing Program, Municipal Code Chapter 21.85) that: 1) established a minimum 15-percent inclusionary lower-income housing mandate for all residential projects; 2) offered unlimited density increases; 3) allowed for modifications to development standards to accommodate higher densities; and 4) provided significant City affordable housing subsidies.

Carlsbad has tailored its existing housing program to greatly increase the probability of increased housing affordability. A key component of its Affordable Housing Program is to allow increased density on any residential site, provided there is an increase in the affordability of the development. A critical part of this component involves the City's Growth Management Program. As discussed later in Section 4.B, the City has been recapturing all dwelling units not utilized on sites where the development was below the Growth Management Control Point.

## Resources Available

---

These excess dwelling units are set aside to be used for high priority housing needs, such as affordable housing.

The success of this approach is evidenced in **Table 3-13** below, which identifies built, approved, and recent potential projects that have received or propose increased density. The initial General Plan designation is kept at its original level and then the density is augmented through the City's Affordable Housing Program. For both the constructed and approved rental and for-sale products shown in Table 3-13, the original allowable density of the sites ranged from 2.0 to 6.0 units per acre. The resulting density for the constructed and approved projects in the table, after affordable housing density increases, ranged from 11.3 to 55.5 units per acre, with a vast majority of those projects being below 20 units per acre.

**Table 3-13**  
**Original and Current Density for Projects with Affordable Housing**

<b>Project/Quadrant<sup>1</sup></b>	<b>Unit Count</b>	<b>Year Completed</b>	<b>Original Site Density</b>	<b>Project Density</b>
Villa Loma/SW	344	1996	6.0 du/ac	17.6 du/ac
Cherry Tree Walk/SW	42	1999	3.2 du/ac	14.0 du/ac
Laurel Tree/SW	138	2000	3.2 du/ac	15.3 du/ac
Poinsettia Station/SW	92	2000	4.8 du/ca	16.4 du/ac
Vista Las Flores/SW	28	2001	3.2 du/ac	13.7 du/ac
Sunny Creek/NE	50	2002	2.0 du/ac	23.8 du/ac
Cassia Heights/SE	56	2007	3.2 du/ac	21.1 du/ac
Poinsettia Place/SW <sup>2</sup>	90	Approved (Not yet under construction)	3.2 du/ac; 6 du/ac	11.3 du/ac; 25 du/ac
Harding Street Senior Condominiums/NW <sup>2</sup>	50	Approved (Not yet under construction)	6.0 du/ac	55.5 du/ac
Villa Francesca Senior Condominiums/NW	41	N/A – preliminary review	11.5 du/ac	48 du/ac
State and Oak Senior Condominiums/NW	35	N/A – preliminary review	15 – 35 du/ac (Village Redevelopment Area)	83 du/ac

Notes:

<sup>1</sup> All projects, except Poinsettia Place and Harding Street, Villa Francesca, and State and Oak, are 100 percent affordable to lower income families.

<sup>2</sup> Poinsettia Place was approved in 2006 and features 14 lower income units. Harding Street Senior Condominiums was approved in 2008 and features 15 low and moderate income units.

The last two projects in Table 3-13, Villa Francesca and State and Oak, are not approved and have not been formally submitted to the City. These proposals are preliminary review applications (PRE 08-21 and PRE 08-19). They are included here to demonstrate the continued developer interest in the increased density

opportunities provided through the Affordable Housing Program. Both projects feature market rate and lower-income units. Further, in keeping with the emphasis to develop mixed use projects in the Village Redevelopment Area, the preliminary review for the State and Oak project suggests a mix of both residential and commercial uses.

In summary, the Affordable Housing Program in Carlsbad shows that areas which can capture high housing prices due to desirable location can still produce affordable housing provided there is a regulatory mandate, development standards modifications, and subsidies from the City. Program 2.2 notes the City will continue to offer flexibility in development standards to facilitate the development of affordable housing.

Nevertheless, in recognition of AB 2348 and to strengthen its ability to accommodate its remaining RHNA, Carlsbad has proposed to redesignate certain sites at minimum densities of 12 (RMH) and 20 (RH) units per acre, all of which are densities proven by Tables 3-3 and 3-13 to be adequate for moderate and lower income housing in Carlsbad, respectively. The City has also committed to establishing the same minimum densities for remaining unentitled and underutilized properties in the RMH and RH land use designations, and 20 units per acre for mixed use projects. In the Village Redevelopment Area, the City has also committed to raising the minimum density to either 18 or 28 units per acre, depending on the land use district.

## **B. Financial Resources**

Providing for an adequate level of housing opportunities for Carlsbad residents requires creative layering of funding. Often one single source of funding is inadequate to address the extensive needs and depth of subsidies required. The City must program the uses of limited funding effectively to maximize the number of households that can be assisted.

Two major sources of funding support affordable housing development in Carlsbad: Redevelopment Housing Set-Aside Fund and Affordable Housing Trust Fund. In addition, the City reserves a portion of the CDBG and HOME funds for affordable housing development. Other supplemental sources include Section 108 loan guarantee and Section 8 rental assistance. Another funding source, the City's Agricultural Conversion Mitigation Fee program, may be used to build farmworker housing.

The City's policy is to leverage, to the maximum extent feasible, the use of funds available in the development of affordable housing. The City supports the use of CDBG, HOME, and Redevelopment Housing Set Aside funds for predevelopment activities and "gap financing" of developments by private and nonprofit entities.

In 2006, Carlsbad and its Redevelopment Agency leveraged its financial resources to assist in the property acquisition for and construction of Cassia Heights and Roosevelt Gardens. These projects provide ownership and rental opportunities for

very low and low income persons. While Roosevelt Gardens is under construction, the first residents moved into Cassia Heights in 2007.

Together, Cassia Heights and Roosevelt Gardens provide 67 units of affordable housing. Since these projects were developed outside of the City's Inclusionary Housing Requirements, they fulfill the City's goal to provide 70 units of non-inclusionary housing in the current housing cycle as expressed in proposed Program 3.4.

More information about the City's financial resources is provided below.

### **Redevelopment Housing Set-Aside Funds**

Pursuant to State Community Redevelopment Law, a redevelopment agency must set aside at least 20 percent of the tax increment revenues generated in a project area for purposes of low and moderate income housing.

The City of Carlsbad has two Redevelopment Project Areas: Carlsbad Village Redevelopment Area and South Carlsbad Coastal Redevelopment Area. The Carlsbad Village Redevelopment Area was adopted in 1981 and covers 200 acres, including the historic district of the City. The effectiveness of this Redevelopment Area will expire on July 7, 2009. The South Carlsbad Coastal Redevelopment Area was adopted on July 18, 2000. This area includes the Ponto Beach area and the Encina Power Generating Facility.

As of July 1, 2005, the Redevelopment Low and Moderate Income Housing Fund for these two areas had an unencumbered balance of \$2,064,215. Over the five-year period of the Housing Element, the Carlsbad Housing and Redevelopment Commission (Commission) anticipates a total of \$3.2 million in Redevelopment Housing Set-Aside funds to be generated in the two Redevelopment Areas (\$2.3 million from Carlsbad Village Redevelopment Area and \$948,000 from South Carlsbad Coastal Redevelopment Area). Funding will be used to support affordable housing development and homeownership assistance. Redevelopment set-aside funds of about \$2.6 million have been set aside for construction assistance for low and moderate income housing in the Robertson Ranch project (see Table 3-4) and for the planned rehabilitation of Tyler Court. Tyler Court is an existing 75-unit apartment complex restricted to occupancy by seniors with very low or extremely low incomes.

## **Affordable Housing Trust Fund**

With the implementation of the City's Inclusionary Housing Ordinance, the City established a Housing Trust Fund to collect fees generated from the Inclusionary Housing In-Lieu Fee and the sale of affordable housing credits to satisfy a developer's inclusionary housing obligation. All fees collected are used exclusively to facilitate the construction, preservation, and maintenance of affordable housing pursuant to the City's Inclusionary Housing Ordinance. As of July 1, 2005, the Housing Trust Fund had an unencumbered balance of \$14,600,777.

The Inclusionary Housing In-Lieu Fee is the single biggest contributor to the Housing Trust Fund. The City's Inclusionary Housing Ordinance requires 15 percent of new residential development to be reserved as affordable to lower income households. Developers of small projects with no more than six units have the option to pay a fee in lieu of providing on-site affordable units. At the discretion of the City, other options to providing units on-site, such as dedicating land, may also be possible.

For the upcoming years (between FY 2008/09 and FY 2011/12), the City anticipates expending the Housing Trust Funds on a few major projects. Close to \$2.4 million has been set aside for acquisition of property for affordable housing (specific site to be determined). Another \$1.4 million will be used to assist the proposed Bridges at Aviara project lower-income apartment project. Also, \$1.1 million is identified for the approved Cantarini/Holly Springs project. Lastly, \$5.3 million has been set aside for the construction or rehabilitation of affordable housing (with specific project(s) to be determined). More information about these projects may be found in Tables 3-2 and 3-4, respectively. Lastly, \$5.3 million has been set aside for the construction or rehabilitation of affordable housing (with specific project(s) to be determined).

## **HOME/CDBG Housing Reserve**

The Community Development Block Grant (CDBG) Program is administered by HUD. Through this program, the federal government provides funding to jurisdictions to undertake community development and housing activities. The primary CDBG objective is the development of viable urban communities, including decent housing and a suitable living environment, and expanding economic opportunity, principally for persons of low-and moderate-income. The City of Carlsbad receives an allocation of approximately \$500,000 in CDBG funds annually.

The HOME program provides federal funds for the development and rehabilitation of affordable rental and ownership housing for households with incomes not exceeding 80 percent of area median income. The City participates in the San Diego County HOME Consortium and receives an allocation of approximately \$280,000 in HOME funds annually.

The City has established a Housing Reserve Fund with allocations from its CDBG and HOME Programs to accumulate funds for creating additional affordable housing opportunities in Carlsbad. Funds are used to help identify appropriate properties for possible acquisition and/or development of affordable units. Once an appropriate property is identified, Housing Reserve Funds may be reallocated for acquisition and/or development of a specific property.

Housing Reserve Funds were allocated to assist in purchasing the Tyler Court apartments in 1999 and acquisition of property at 2578 Roosevelt Street for affordable housing in March of 2004. An affordable housing developer has been selected to construct 11 affordable condominium units on the Roosevelt Street property, which is the approved Roosevelt Gardens project listed in Table 3-2.

### **CDBG Section 108 Loans**

In the 1990s, the City received approximately \$1.2 million in a CDBG Section 108 loan to assist in the land acquisition for a 21-acre site for the construction of the Villa Loma Apartments. The City anticipates pursuing additional Section 108 loan guarantees to expand affordable housing opportunities in Carlsbad, as appropriate.

### **Section 8 Tenant-Based Rental Assistance Program**

The Housing Choice Voucher Program is funded by HUD and administered by the City of Carlsbad Housing Agency. On average, the City utilizes roughly \$5.5 million from the Section 8 Rental Assistance Program.

According to the Carlsbad Housing Agency, approximately 1,940 households had received Section 8 assistance as of 2004. However, another 1,083 Carlsbad households were on the waiting list for Section 8 vouchers.

### **Agricultural Conversion Mitigation Fee Program**

As certain, often historic, coastal agricultural lands develop, a mitigation fee of \$10,000 per acre is paid to the City. In 2005, Carlsbad established an ad hoc citizen's committee to advise the City Council on how the collected fees should be spent, which by that time had reached over \$6 million. Subsequently, the Committee solicited and evaluated funding proposals from organizations according to specific criteria. These criteria focus on restoration, preservation and enhancement of Carlsbad's natural and agricultural environment. To this end, an eligible funding category is the development of farmworker housing, whether in or out of the Coastal Zone.

In 2008, the City awarded a \$2 million grant from the collected fees to Catholic Charities to rebuild and expand the current La Posada de Guadalupe homeless shelter to provide farmworker housing. Following reconstruction, this facility will feature 50-72 beds for farmworkers in addition to the 50-beds that currently serve farmworkers and homeless men.

Currently, the Agricultural Conversion Mitigation Fee Program has an approximate balance of \$550,000. It is expected this fee could grow by another \$1 to 2 million as designated properties continue to develop. Carlsbad anticipates receiving and granting additional funding proposals, which could include farmworker housing, in 2008 and 2009.

The ad hoc citizen's advisory committee term will end in summer 2009 or upon the allocation of all funds, whichever occurs first. However, the City Council may also choose to renew the committee. It is not likely that all properties that would pay the mitigation fee would have developed by that time.

## **C. Administrative Capacity**

The institutional structure and administrative capacity established to implement programs contained in the Housing Element include the City of Carlsbad, other public entities, and private developers, both for-profit and non-profit. The City works closely with private developers to construct, rehabilitate, and preserve affordable housing in the City.

### **City of Carlsbad**

The City of Carlsbad's Housing and Redevelopment Department, Planning Department, and Building Department, under the organization of the Community Development Major Service Area, will be the lead departments in implementing a variety of programs and activities outlined in this Housing Element.

#### ***Housing and Redevelopment Department***

The Housing and Redevelopment Department consists of the Carlsbad Housing Authority and Redevelopment Agency. Principal responsibilities of the Housing and Redevelopment Department include:

- Administering the CDBG program – A substantial amount of CDBG funds over the next five years will be allocated to projects that address the affordable housing needs of lower and moderate income households.
- Administering the Section 8 Housing Choice Voucher program – the Housing Authority provides approximately 650 Section 8 vouchers to eligible households.
- Implementing Housing Element programs – The Department will work with developers to create affordable housing opportunities for low income households.

### ***Planning Department***

Principal responsibilities of the Planning Department of the Community Development Major Service Area include:

- Preparing ordinances and policies to facilitate and encourage housing development for all income groups in Carlsbad.
- Assisting in the development of affordable housing.
- Tracking the number and affordability of new housing units built.

### ***Building Department***

Principal responsibilities of the Building Department include monitoring and reporting on existing housing units that are substandard and providing code enforcement services.

### **Housing Developers**

#### ***Non-Profit Organizations***

The City works with a number of for- and non-profit developers to create affordable housing using the Housing Trust Fund and Redevelopment Housing Set-Aside funds. The following affordable housing developers have expressed interest in developing and/or preserving affordable housing in San Diego County:

- Affordable Housing People
- Bridge Housing Corporation
- Chicano Federation of San Diego County
- Community Housing Group
- Community Housing of North County
- Community Housing Works
- Habitat for Humanity
- Housing Development Partners of San Diego
- Jamboree Housing
- MAAC Project

#### ***For-Profit Developers***

Private, for-profit developers will assist in the effort of creating affordable housing in Carlsbad through the City's Inclusionary Housing Ordinance. Per the ordinance, at least 15 percent of all housing units approved for any master plan community, specific plan, or qualified subdivision must be affordable to lower income households.